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CONTACT: Mark Daley (202) 225-5235

Balancing America's Checkbook

by Congressmen Allen Boyd

Washington's *debate du jour* currently features the timing, size and composition of a tax cut package that Congress and the President should enact. Although this is an important discussion, arguing about the details of a tax cut before there is agreement on the overall budget is putting the cart before the horse -- a strategy guaranteed to send the cart's cargo of a strong economy into a jumbled mess.

Before we launch into a full-fledged debate over which taxes to cut, how deeply to cut them, and when to apply the knife, Congress must agree on a budget plan that preserves the fiscal discipline necessary for our future economic success.

As a Co-Chairman of the Blue Dog Coalition, a group of fiscally conservative House Democrats, I have set forth several key principles of a budget plan that we believe can win bipartisan support in Congress.

Credible Budget with Realistic Spending Caps. A good budget plan is a useful blueprint for all federal tax and spending decisions; a bad budget plan is a blueprint for fiscal disaster. Unrealistic spending levels in recent budget resolutions have resulted in a chaotic process that dragged on well beyond established deadlines and produced irresponsibly high spending. A budget which establishes new, realistic spending caps will restore sorely needed budgetary discipline.

Honest Surplus Figures. Bipartisan majorities of Congress have voted repeatedly, overwhelmingly and with great fanfare to place Social Security and Medicare trust funds off limits. But advocates of a large tax cut conveniently ignore those bipartisan votes and continue to cite surplus figures that include these 'out of bounds' surpluses in order to make their tax cuts *seem* more affordable.

Flexibility. Surplus projections are exactly that - projections. In 1990, the projected budget for the year 1995 was off by several hundred billion dollars. Likewise, in 1995 the projected budget for the forthcoming five year interval was off by a similarly sizable proportion. Our most accomplished economists cannot predict natural disasters, military crises, or other unforeseen circumstances that require government funds. Even the financial strains we can predict, such as the retirement of the baby boom generation, can not be fully appreciated a decade in advance. Enacting policies today that consume most, or all, of the projected surplus will hamstring the flexibility of future Congresses to deal with future circumstances and priorities. Federal Reserve Chairman Alan Greenspan highlighted this uncertainty in his testimony before the Senate Budget Committee last week in advising caution about making commitments based on projections. In his testimony, he warned that "the risk of adverse movements in receipts is still real, and the probability of dropping back into deficit as a consequence of imprudent fiscal policies is not negligible."

Debt Relief. Chairman Alan Greenspan has repeatedly advised that paying down the publicly-held debt is one the most important actions we can take to maintain a strong and growing economy. Reducing our national debt helps investors who closely follow fluctuations in the interest rate; moreover, it will provide an immediate 'tax cut' for every American that carries a student loan, car payment, mortgage, or small business loan. By signaling a *real* commitment to fiscal discipline, Congress can win the confidence of markets which is necessary for growth and stability in the short and long-term.

I am eager to work with President Bush on his agenda, including tax cuts. But I will not sacrifice fiscal discipline in order to do so. There is room for discussion and compromise on the exact size and nature of a potential tax cut, as long as changes are considered in the context of honestly balancing competing budget demands. But before we squander the strong economy of the last several years by abandoning our hard-won fiscal discipline, we should first take a step back and find common ground on a fiscally responsible budget framework that allows for debt relief, tax cuts and spending priorities.

During the week of February 19, 2001, I will be hosting town hall meetings throughout North Florida to discuss the importance of responsible governing. I encourage everyone to attend. If you would like more information on these meetings, please call my office at 850-561-3979.